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ABSTRACT

The creation of a quasi-market in England and Wales schooling has changed pupil, parent, and school behavior in a way that has reinforced the dominance of traditional, academic schooling. A study summarized results of research into this quasi-market behavior, with particular emphasis upon the upper secondary age group. The study found that while schools now face greater incentives to respond to consumer choice, only certain groups of consumers have been effectively empowered by these reforms. Schools thus respond only to the wishes of a sub-sample of consumers. In effect, they receive a signal that is biased against the provision of quality vocational schooling. This analysis can be linked to changes in structure of contemporary labor markets and the attempt to gain credibility for a national system of vocational qualifications. The analysis concludes with proposals that seek to improve the quality of the information flows between parents, schools, and the labor market. (Contains 50 references.) (Author/KC)

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QUASI-MARKET REFORMS AND VOCATIONAL SCHOOLING IN ENGLAND AND WALES: an economic analysis.

Abstract

The creation of a quasi-market in England and Wales schooling has changed pupil, parent and school behaviour in a way which has reinforced the dominance of traditional, academic schooling. We summarise the results of research into this quasi-market behaviour, with particular emphasis upon the upper secondary age group. Whilst schools now face greater incentives to respond to consumer choice, we argue that only certain groups of consumers have been effectively empowered by these reforms. Schools thus respond only to the wishes of a sub-sample of consumers. In effect, they receive a signal which is biased against the provision of quality vocational schooling. We link this analysis to changes in structure of contemporary labour markets and the attempt to gain credibility for a national system of vocational qualifications. Our analysis concludes with proposals which seek to improve the quality of the information flows between parents, schools and the labour market.

QUASI-MARKET REFORMS AND VOCATIONAL SCHOOLING IN ENGLAND AND WALES: an economic analysis.

Introduction

The market choice critique of state schooling argued that the absence of consumer voice and exit threats, created an environment in which schools faced insufficient incentives to raise standards (Dennison, 1984, West, 1965). Reforms which increased parental choice, it was argued, would create competitive pressures on schools to raise standards, and since the disadvantaged in general attended the worst schools they would benefit most (Friedman and Friedman, 1980). As well as raising overall standards, market-led reforms also promised greater diversity, encouraging schools to respond to demand from parents and the labour market for vocationally relevant education. As Levin (1991) pointed out 'the advantage of a market approach is the ability to satisfy a wide range of preferences by encouraging individual schools to differentiate their offerings' (page 148).

In England and Wales these arguments led to the introduction of the 1988 Education Reform Act which increased school autonomy and parental choice. Paradoxically, central government control over schools was also increased, since the 1988 Act established a National Curriculum, a statutory assessment system for schools and introduced the annual publication of school 'league tables' of examination results. Associated reforms to formula funding required that by 1991, at least 80 per cent of an individual school's budget should be determined according to the number and ages of the pupils attending. Together these quasi-market reforms thus created direct financial incentives for schools to compete for pupils. These reforms were extended by the 1992 White Paper entitled *Choice and Diversity* (Department For Education, 1992).

Analysis of experiences of market choice reforms internationally (Walford, 1996 and Hirsch, 1997) suggests that in reality increased competition in schooling markets does not by itself create sufficient incentives for schools to develop 'niche markets'. In England and Wales, research has consistently found that the recent reforms have tended to reinforce existing local hierarchies of schools and increase conformity to an academic-based curriculum (Edwards and Whitty, 1997a, Gewirtz *et al*. 1995, Glatter *et al*. 1997,). There seem to be two main potential explanations for this outcome. One is that parents and pupils are acting on the signals they receive from the labour market. From this viewpoint the failure of high quality vocational schooling to emerge reflects the lack of effective demand for such schooling. Within the framework of orthodox economics the lack of effective demand for such schooling must itself reflect a failure of the labour market to value such schooling. The other explanation requires forces in a competitive market which tend to reinforce existing school hierarchies and generate imitation of the type of schooling provided by market leaders. In this paper we explore the reasons for this outcome, concentrating upon these two explanations. We also investigate the interaction between schooling reforms and the simultaneous introduction of a national system of vocational qualifications. In this exploration we utilise the economic analysis of consumer and producer behaviour, thereby complementing previous sociologically-based investigations.

In the first half of the paper we briefly summarise the pattern of vocational schooling in England and Wales, before and after the introduction of quasi-market reforms. The second half analyses the impact of the quasi-market reforms on three aspects of vocational education: the social basis of schooling and employment decisions, information flows and institutional failure. In this analysis we build upon previous economic analysis of the impact on consumer behaviour of risk and uncertainty (Brown, 1992) and the role of

transaction costs (House, 1996) in schooling markets. We extend these approaches by considering the dominant role of marginal, active consumers in schooling quasi-markets. We make use of previous research to illustrate the middle class bias of this particular group of consumers and the resulting bias imparted to the consumer voice heard by schools. We also consider the extent to which the failure of parents in aggregate to signal a diversity of schooling needs reflects a failure of the labour market to provide appropriate information. Finally, we consider the nature of the competitive processes at work within local school markets and examine how the dominance of market leaders has been reinforced by the design and implementation of the quasi-market reforms. Our final section considers alternative policy options for a government committed to using the school sector to help deliver a relevant, high quality vocational education.

Vocational Schooling in before and after the quasi-market reforms

We are concerned in this paper with the provision for vocational education and training through secondary schools. We define this sector to include all schools and colleges which are dedicated to educating and training students between the ages of 11 and 19. This includes secondary schools for students aged 11 to 18 and sixth form colleges which are dedicated primarily to educating and training 16 to 19 year olds progressing from a system where the secondary schools cater for the 11 to 16 age range. These institutions tend to share a common tradition of schooling which distinguish them from colleges of further education which have a distinctive role in educating and training adults.

In this section we review the pattern of decision making of employers, schools and pupils, which have affected vocational schooling. These are summarised in Figure 1.

Insert Figure 1 Decision Making Before and After the Quasi-Market Reforms

Notwithstanding the encouragement given by government for business people to join school governing bodies, the range of options open to employers has not been significantly affected by quasi-markets in schooling. Moreover, evidence suggests that employers have continued to discriminate in practice between academic and vocational qualifications. The adoption of National Targets for Education and Training in 1995 required the ranking within a common structure of both academic and vocational qualifications in the UK (Robinson, 1997a). Using these rankings and employing earnings functions, Schmitt (1995) analysing data from the late 1980s and Robinson (1997b) for the mid-1990s, found that academic qualifications consistently have the higher pay-off for employees. Studies in other countries (Crawford et al., 1997; Ziderman, 1997) have produced similar results. Comparing workers with supposedly similar qualifications, those with academic qualifications not only gained greater access to the better paid occupations, but within many occupations they also received higher pay. These differentials are typically large, Robinson produces estimates of around 20 per cent for both male and female full-time workers at all NVQ levels, estimated after 20 years of potential experience in the labour market. According to research carried out by Bennett et al. (1995) the returns to low or medium status vocational education are low or sometimes even negative. There is no evidence that the disadvantage faced by those with vocational qualifications has changed since the introduction of quasi-market reforms.

The participation of the schools in vocational education and training in England and Wales has changed considerably over the past 30 years. Prior to the introduction of a comprehensive schooling system, 'secondary modern schools', designed to educate pupils identified as possessing less than average general educational ability, included preparation for particular crafts or trades within their curriculum. Office Studies and typewriting were prime examples. The comprehensive ideal of providing similar educational opportunities for all children swept aside the idea of preparing pupils for trades. The impetus for this change was reinforced by perceptions in schools that the labour markets of the future would require flexible individuals adept at acquiring new skills and knowledge rather than laden with highly specific skills and knowledge which tied them to a single trade. The National Curriculum for England and Wales, introduced in 1988, defined the subjects to be taught to all students up to the age of 16. It codified and refined the dominant ideas that all children should receive the same educational opportunities and that these opportunities should focus on the acquisition of a general education. Technology was included in this definition of a general education, but technological attainment was described in a manner divorced from particular contexts (Department of Education and Science, 1990). Descriptions of attainment were, for example, written to apply equally to the preparation of food and the making of an electronic circuit.

Nevertheless, some government policies in the 1980s and 1990s ran counter to this trend of reducing the vocational element in compulsory schooling. In the early and mid-1980s the Technical and Vocational Education Initiative led to the development of a wide range

of new examination courses. This led to: pupils receiving different educational experiences, often according to their general education ability; an increase in the weighting of skills in assessment; and an improvement in the status of vocational schooling in so far as it was associated with the purchase of high status resources such as computers. In the 1990s government policy encouraged the development of City Technology Colleges which were intended to provide a specialised education which emphasised technological capability. This also entailed the provision of different educational experiences to different pupils. However, the introduction of the National Curriculum has overwhelmed the effect of these initiatives. For example, Edwards and Whitty (1997a) found that City Technology Colleges were following a similar academic curriculum to that found in most other state funded schools.

The education and training of 16-19 year olds has been influenced, but not directly controlled by the introduction of a National Curriculum. Schools have been free to respond in a variety of ways to the increase in the number of 16-19 year olds wishing to participate in full-time education and to the changing structure of curriculum opportunities. This changing structure has resulted from the introduction of General National Vocation Qualifications (GNVQ) as part of a revised national system of vocational qualifications. A key purpose behind the government's introduction of GNVQs was to clarify the maze of qualifications previously offered by different awarding bodies (DE/DES. 1986). The structure of these new qualifications also made it relatively easy for them to be included in schools' curricula. GNVQs are designed to prepare

students for broad sectors of employment. They therefore occupy a place in the curriculum spectrum between an academic general education and vocational training for particular crafts or trades. Many schools have taken the opportunity to provide this kind of education and training. When compared with A levels, GNVQs have attracted a low proportion of high achieving students, emphasised acquisition of skills and been taught through investigative tasks (Edwards *et al.*, 1997).

Figure 1 identifies two continuing areas of choice for parents and students: choice of course and the decision to remain in full-time education. We now consider this latter choice. In 1986, 31% of 16-18 year olds in England and Wales were in full-time education, by 1996/97 this figure had risen to 56%. The majority of this increase was taken by colleges of further education, but the proportion of 16-18 year olds in schools also increased from 17% to 22%. Despite a substantial increase in GNVQ enrolments (GNVQ and GSVQ enrolments increased from 19,000 in 1993/94 to 84,[illegible] in 1995/96), the vast majority (92% in 1995/96) of full-time students were enrolled on academic 'A' Level courses. Given this dominance it is not surprising to find that 16-19 students still regard academic routes as preferable to vocational routes (Foskett and Hesketh, 1997).

Following the introduction of the quasi-market reforms many parents have more opportunity to choose between schools. However, the courses offered by a school seem to be of little importance to parents choosing secondary schools for their 11 year old children. Research on parents' choice of school (e.g. West and Varlaam, 1991; West,

1992, West *et al.*, 1995) suggests that only a very small proportion consider the particular courses offered to be an important factor in their choice.

In summary, wage premia attached to academic qualifications, and the diversity of the curriculum have changed little since the introduction of quasi-market reforms. There has been limited scope for market forces to influence the content of the 14-16 curriculum, since the National Curriculum has determined the allocation of the vast majority of curriculum time. This is illustrated, for example, by the reversal of the growth of in Business Studies (a subject not included in the National Curriculum) in the 14-16 curriculum (Davies, 1994). Schools and sixth form colleges have, however, had much greater freedom to decide what courses to offer to 16-19 year olds. Many have chosen to increase their provision for general vocational education as more 16-19 year olds have opted to remain in full-time schooling.

These trends pose two questions to be addressed in this paper. First, have market forces eased or compounded underlying problems affecting the development of vocational education pre-16? In other words, in the absence of a National Curriculum, would an increase in the role of market forces have encouraged greater diversity? Second, should the increase in participation in full-time general vocational education be interpreted as a sign that an increase in the role of market forces in schooling has made the suppliers of education more responsive to diverse and changing labour market needs? In the second half of the paper we answer these questions by analysing three underlying problems which

have hindered the development of vocational schooling in England and Wales, investigating the interaction between these problems and the quasi-market reforms. The three problems we consider are: the effect of social class on students' education and training decisions; failures of information and incentives in the labour market; and institutional failure in the supply of vocational and training. Our analysis of the second and third of these problems considers explanations for the growth of general vocational schooling in the 16-19 curriculum which cast doubt on suggestions that this growth reflects the impact of quasi-market reforms.

Social class

Social class affects students' decisions about education and training in two ways. First, most research (e.g. Kelly, 1989; McLeod, 1987) on the effect of social class on students' career aspirations suggests that these are strongly affected by their class background. This effect is mediated through parental aspirations. Although parents play a smaller role in older students' educational decisions (Foskett and Hesketh, 1997), there is still a strong background effect on students' aspirations and self-belief. Second, the effect of social class on academic achievement is widely documented. Confidence in this relationship is strong enough to allow some researchers (e.g. Bennett *et al.*, 1995) to proxy educational ability by father's occupation. Educational achievement is, in turn, strongly correlated with continuing in full-time education post-16 (Ainley and Green, 1996) and crucial to students' career aspirations (Kelly, 1989). The tendency for students

enrolled on vocational courses in schools to have lower levels of general educational attainment than students enrolling on academic courses (Edwards *et al.*, 1997) means that there is a strong mutually supporting link between social class, educational attainment, career choice and the likelihood of opting for vocational courses. Middle class students are almost twice as likely as working class students to opt for academic rather than vocational courses post-16 (Foskett & Hesketh, 1997). The status of vocational education is inevitably undermined by its role in a system perpetuating class and professional identities across generations.

Forecasting the consequences of quasi market reforms, White (1988) commented that 'a weakness in the Government's competition strategy for schools is that effective market power may be taken by the section of parents interested only in the academic route for children...(t)he effective pressures on schools will in that case reflect only part of the market, and those pressures may tend to reinforce the entrenched traditions of the British educational system' (pages: 14-15). White argued that increasing parent power may actually obstruct the development of an alternative vocational pathway for those pupils currently leaving at sixteen. Recent research (Glatter and Woods, 1994; Echols and Wilms, 1995; Gewirtz *et al.*, 1995; Power *et al.*, 1996) on the effects of the policy of quasi-markets suggest that White's conjectures have proved to be more accurate than those of Stronach (1988) who feared that vocational schooling would be favoured by the reforms.

These research findings support Ball's (1993; *et al.*, 1996) proposition that their greater cultural capital enables the middle-classes to exploit the quasi-market to reproduce social and economic inequalities. It is the professional middle classes who were inclined to

approach to school choice as an investment decision, whilst working class decision-makers were more likely to value the locality of the school over other factors. Working-class families were also more likely to view the child's view as being decisive in choosing a school (Walford, 1996). Research has established that parental educational attainment, child-care provision and transportation cost dimensions are important factors in explaining these differences. These factors, together with parental ability to read and decode signals and 'work the system', are consistently emphasised by researchers into the determinants of schooling choice. Regardless of the various reforms to vocational schooling in the UK, most post-16 pupils do not view vocational pathways as relevant to the entry into higher education which they favour (Edwards *et al.*, 1997). Foskett and Hesketh (1997) found that middle-class parents reinforced this primacy given to academic reputation and academic pathways, whilst even those pupils combining A level and GNVQ perceive this as an academic pathway.

Information flows

According to human capital theory, if consumption elements are ignored, schooling decision-makers react to the signals they receive regarding the labour market's valuations of alternative educational investments. Those entering the labour market with high quality vocational schooling, if valued by the labour market, will attract a wage premium sufficient to attract future cohorts to this mode of schooling. Problems with information flows might help to explain the continuing wage premia for academic education in one of two ways. First, labour markets might have difficulty in interpreting information on the educational and training investment of entrants and second, pupils and schools might have difficulty interpreting information from labour markets.

One problem in the supply of information to the labour market has been the variety of qualifications. The NVQ and GNVQ system was introduced to bring grater clarity to the signals employers received about the skills of potential recruits. However, a number of commentators (e.g. Hyland, 1996; Ainley and Green, 1996) are sceptical about progress so far and prospects for the future. Many employers, it would seem, prefer to use a simple heuristic when evaluating students' qualifications. Since the A level route continues to attract almost all the high attainers at GCSE (Edwards *et. al*, 1997), employers unsure of the content and quality of vocational schooling may be acting rationally if they proxy unobservable worker ability only by academic schooling credentials. Those entrants with vocational qualifications may be screened out of the selection process and those with academic schooling thereby receive a premium. If the labour market consistently fails to signal parity of esteem between supposedly equivalent academic and vocational qualifications, then it also becomes rational for pupils and parents to opt for the favoured qualification route. Within this environment, attempts to establish the distinctiveness of vocational schooling may conflict with the desire to establish its credibility.

The flow of information from the labour market to pupils and schools is also problematic. A substantial minority of students establish enduring career aspirations well before they receive any detailed information about the labour market as part of their schooling (Kelly, 1989; Foskett and Hesketh, 1997). The views of parents and teachers, and pupils' experiences of different subjects are likely to be more influential than labour market information at this stage. Accurate information about demand for the labour market is

relevant to schools' curriculum planning. The persistence of complaints about the quality and relevance of the skills which students acquire through vocational courses (e.g. Ainley and Green, 1996; Bynner, 1997) suggests that this is an enduring problem.

A contrasting view is offered by Soskice (1993) and Howieson et al. (1997) who interpret the expansion of full-time education and training for the 16-19 cohort as a response to a labour market demand for a more highly skilled workforce. Soskice suggests that this trend may indicate a move towards a high skill equilibrium. This implies that students and schools are receiving and responding to signals from the labour market about the benefits of particular levels and types of education. Howieson *et al.* believe that there is no conflict between schools' interests and future labour market needs. They argue that changes in the economy mean that the labour market now demands similar skills from all recruits and that these skills are best developed through a general education which draws heavily upon academic traditions. This view is consistent with evidence that the majority of additional full-time 16-19 students are studying 'A' level courses and the low or negative rates of return to low and medium status vocational training (Bennett *et al.*, 1995).

Ainley and Green (1996) offer a different explanation of the increase in participation in 16-19 education. They do accept that increasing participation is a sign of higher aspirations among young people and a response to changing employment opportunities. However, they believe that rising aspirations are a function of changes within schools (higher pass

rates at GCSE) and families (changing parental employment history). They also see changing employment opportunities in terms of disappearing trades rather than a change in demand from one type of employment to another.

We turn now the impact of quasi-market reforms on these information problems. In trying to explain the similarity of private and public schools in the US, Brown (1992) develops an uncertainty of outcome approach to schooling decision-making. Where risk-averse pupils are uncertain about their abilities, Brown argues that they will seek to diversify and avoid specialisation. Schools respond to this desire by providing an assorted, broad curriculum for pupils, rather than providing more specialised studies. Hence the failure for the schooling market to segment, and except in very large markets, private schools will offer a similar curriculum differing only in secondary service provisions, such as religious instruction. Brown's argument may appear to be more suited to explaining the pattern of primary schooling, since at secondary level parents are better informed about the relative abilities of their children. However, there remains the problem of the uncertainty of labour market returns to schooling. Where pupils are uncertain about their expected relative returns to different types of schooling, pupils can shed risk by always opting for some intermediate choice, regardless of any diminishing returns to specialisation. According to Brown's argument, schools offering specialised academic or vocational schooling will tend to be inefficient, since they are not responding the perceived needs of pupils to reduce the uncertainty of future pay-offs.

A different view of information problems is provided by House (1996) in terms of transaction costs arguments. Applying the logic and language of Williamson (1985) to schooling markets, House argues that reforms have often failed to consider the key determinants of behaviour in contractual relationships in these markets. Unlike the market choice critique, the transaction costs approach recognises that decision-makers have a finite ability to acquire and process information. Market participants are characterised by 'bounded rationality', acting with forethought but unable to fulfil the optimising requirements of 'economic man'. Parents, for example, are unable to obtain all the information necessary to systematically evaluate alternative schools and, in practice, employ heuristics to reach a decision about which school to favour. Schooling markets are also characterised by opportunistic behaviour, by which participants exploit the incomplete nature of contracts to increase their own welfare. For example, the introduction of national testing will induce pupils and teachers to manipulate their learning and teaching to improve results, distorting the original relationship between educational attainment and test scores. Finally, schooling markets are constrained by the specificity of the assets acquired by participants. For example, teachers invest in acquiring knowledge and expertise and are reluctant to give up the benefits from those investments in order to respond to the latest educational reforms. Similarly, parents choosing a house based upon a particular school's catchment area are locked-in to that school by higher transportation costs, whilst pupils invest in school-specific social capital and are therefore reluctant to exit, even from 'failing' schools.

Quasi-market reforms have encouraged schools to be more responsive to parents. This system relies on labour markets influencing school curricula through the preferences of parents and pupils. The information burden this places on parents is enormous. They need to collect accurate information about the current labour market. They need to make reasonable predictions about future trends. They need to assess how different courses will

contribute to different labour market valuations. They need to discover the effectiveness of schools in delivering different courses. All of this information needs to be analysed in conjunction with their assessment of the comparative advantage of their children. Evidence from England and Wales suggests that pupils do not need to diversify their schooling in the manner hypothesised by Brown. Employers operate a simple heuristic which means that academic qualifications are used as a screening device in a very wide range of employment. Transactions cost analysis, therefore, provides a more convincing explanation. Faced with this complex information, parents and pupils also rely on simple heuristics such as average levels of academic attainment as a proxy for the effect which the school will have on future employment. This is reinforced by government policy which has instituted a reporting system for schools which focuses parent attention on average academic success rates. This generates a powerful reason for schools to resist introducing vocational courses in the 11-16 curriculum, unless they expect to recruit for these courses from students who are very unlikely to gain GCSE qualifications at grades A-C. This pattern has been very evident in our own research into the effect of competition on schools' curriculum policies. Deputy Headteachers interested in developing vocational courses in the 14-16 curriculum taught in schools with relatively low success rates in GCSE courses. They tended to view GNVQ courses as an opportunity to provide an education for academically less able pupils which would be 'more relevant to their future needs', improve their attitude towards school and increase staying on rates. They also identified relaxation of the requirements of the National Curriculum as the stimulus for introducing vocational courses, which they regarded as a return to their practice prior to the National Curriculum, rather than a response to new pressures introduced by quasi-market forces.

Institutional failure

Institutional failure can occur when a school's pursuit of self-interest, or their vision of the public interest, conflicts with future needs of the labour market. In these circumstances the structures and practices of schools will be resistant to the signals from the labour market even when these are well communicated. Goodson (1985) argues that teachers' career interests combine with beliefs in the intrinsic value of an academic education to sustain the pre-eminence of high status knowledge in schooling. If this view is dominant in secondary schools vocational courses are consigned to low status in education.

Prior to the introduction of quasi-market reforms schools valued academic courses above vocational courses as a result of processes internal to schools and the professional development of teachers. The effect of quasi-market reforms is to reinforce this position, rather than to create opportunities for schools to respond to differing needs. Why does this happen? In order to address this question we need to analyse behaviour in schooling markets in which externalities are created through peer group effects on pupil attainment levels. Both Robertson and Symons (1996) and Feinstein and Symons (1997) find evidence of the importance of peer group effects in their estimation of educational production functions. In the current UK quasi-market institutional setting, schools can gain a competitive advantage if they attract an intake in which the distribution of their pupil's abilities has both a high mean and low standard deviation. With such an intake profile, schools face a lower cost of production for a given level of examination attainment. Since schools can gain a competitive advantage by attracting the least disruptive and easiest to teach pupils, then increased screening is a likely consequence of quasi-market reforms. If information was perfect about student ability and on the nature of

peer group effects on pupil attainment, then cost-minimising schools would have an incentive to recruit predominantly from one group. Where schools are directly or indirectly rewarded by the absolute attainment levels of their pupils, then cherry-picking or cream-skimming will result. Local hierarchies are thereby reinforced, as highly-ranked schools exploit the quasi-market to recruit the most able pupils from outside their previous catchment areas. Parents of high-ability pupils reinforce this process, attracted by the favourable peer group effects generated by the high median level of ability of the leading school's intake. Publication of league tables has strengthened this process; the most popular schools are those with the higher proportion of good examination passes (Hardman and Levacic, 1997). The resulting improvement in their absolute exam performance increases further the school's ability to cream-skim and causes further segregation by ability in the local schooling market.

Whilst this mechanism can explain the consolidation of schooling hierarchies following the introduction of quasi-market reforms, it as yet provides no insight into why low-ranking schools do not try to adopt an alternative mode of schooling to compete. However, markets are driven by the behaviour of marginal consumers. In the US public school context, Lamdin and Mintrom (1997) argued that as long as some consumers search in a local market then a 'pecuniary externality' is created, whereby informed consumers protect uninformed consumers from exploitation. Burtless (1993) concluded that it was possible for an education market to operate efficiently even when only a small proportion of parents or students are informed about differences in the quality of schooling available in a local market. However in the UK context, such arguments ignore the differences in the type of schooling offered. Our discussion of the role of social class above has found that active consumers are predominantly middle class with a relatively large endowment of cultural capital and a high expectation of their children entering higher education. As Echols and Willms (1995) argue, such consumers are attracted by a school's successful

record of academic attainment; their resulting movement between schools both de-stabilises and distorts the quasi-market. The loss of such parents reduces the ability of less-successful schools to compete, since the resulting reduction in their overall examination performance reduces their attractiveness to other active consumers. Attempts to retain potential movers results in schools concentrating upon the type of academic schooling favoured by this sub-sample of parents. The lack of effective demand for quality vocational schooling is the demand-side source of this supply-side adjustment. 'Academic schooling drift' is, from this perspective, a largely demand-side phenomenon, one that is strengthened by the introduction of quasi-market reforms.

Conclusions and Policy Implications

The introduction of quasi-market reforms has been detrimental to attempts to develop high quality vocational schooling in England and Wales. Prior to the introduction of quasi-markets, vocational schooling suffered from the effect of social class, information failures and institutional failures on the supply of schooling. The inequalities and information asymmetries which resulted from these problems have been reinforced by the partial introduction of market forces. Given differences in cultural capital, the quasi-market creates different opportunities for professional and working class parents and deepens social class divisions in schooling. It is difficult to see how policy changes could redress differences in cultural capital which underpin this problem. Parents could be supplied with more information, but the more information they have the more problems they face in interpreting the data. Pupils' could be provided with free travel to schools

within the local area, but there would probably be insurmountable difficulties in defining boundaries.

Quasi markets have increased the flow of certain types of information from schools to parents. This has encouraged parents and schools to focus their decision-making around the proportion of 16 year old students at the school gaining 5 or more grades C or above in (academic) GCSE qualifications. This entrenchment of the position of general education qualifications in providing the key indicator of schools' success, reduces the likelihood that schools, parents and employers will receive and respond to adequate information about vocational education. There is also an inherent problem in changing the situation. Wage premia for low and medium level vocational training need to be established to give students the incentive to opt for these courses, but these premia will not be established by market forces unless these courses attract from the full ability range and students have sufficient incentive to work hard to gain high levels of attainment on these courses. It may not be politically feasible to correct labour market failure by providing financial incentives to pupils who choose vocational schooling. Given the established status of GCSE one solution to this problem would be use the GCSE label for all courses including those which were overtly vocational. This would require a change to the overall criteria for GCSE courses but it is the only measure which would address the information problem generated within the market for schooling. The quasi-market school reforms have encouraged schools to be more responsive to parents without addressing the question of parents' information about the labour market. If parents are less well

informed about the labour market than curriculum planners then the effect is to weaken the response of schooling to the labour market. In addition, where schools have a large role in the supply of information about the labour market to students and parents, an increase in market forces in the schooling sector increases the incentives for schools to distort the information they provide so that it favours the courses they can supply.

The terms on which schools are currently encouraged to compete (absolute levels of attainment in academic qualifications) lead to the consolidation of local hierarchies in schooling and undermine the ability of low performing schools to compete. Two policy changes may partly relieve this problem. First, measures of school achievement must be in terms of value added rather than absolute attainment to avoid the vicious circle created by losing more able students to competing schools with higher levels of absolute attainment. Second, the measure must not distinguish between academic and vocational attainments. This requires a common scale of assessment and a shared title. In this respect the renaming GNVQs as 'Applied A Levels' would be helpful. However, this advantage would be lost if these courses were also re-designed to be more similar to 'A' Levels.

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Figure 1 Decision Making Before and After the Quasi-Market Reforms

	Before the reforms	*After the reforms*
Employers	Influenced rewards to each type of education and training	Influenced rewards to each type of education and training
Schools	Adjusted portfolio of courses to offer	Adjusted portfolio of courses to offer * Decided which and how many pupils to accept+
Parents and pupils	Decided which courses to follow Decided whether to remain in full-time education post-16 Decided which institution to attend for full-time education post-16	Decided which courses to follow * Decided whether to remain in full-time education post-16 Decided which institution to attend for full-time education post-16 Decided which school to attend for full-time education 11-16

* Severely restricted for the 14-16 age group by the requirements of the National Curriculum
+ Oversubscribed schools only

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